CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Ting Group Holdings Limited (the "**Company**") presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010 as follows:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,227,520**	1,305,383
Cost of sales		**(834,962)**	(876,614)
Gross profit		**392,558**	428,769
Other income	*4*	**5,263**	8,483
Other losses, net	*5*	**(4,010)**	(9,334)
Selling, marketing and distribution costs		**(139,189)**	(114,667)
Administrative expenses		**(125,420)**	(129,209)
Operating profit	*6*	**129,202**	184,042
Finance income	*7*	**2,453**	2,123
Finance costs	*7*	**(8,133)**	(2,296)
Share of losses of associates		**(444)**	(183)
Share of profit of a jointly controlled entity		**338**	—
Profit before income tax		**123,416**	183,686
Income tax expense	*8*	**(29,559)**	(37,753)
Profit for the period		**93,857**	145,933

	Note	Six months ended 30 June **2011** **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Other comprehensive income for the period, net of tax:			
Currency translation differences		**38,486**	26,759
Fair value gain on available-for-sale financial asset		**1,163**	—
		39,649	26,759
Total comprehensive income for the period		**133,506**	172,692
Profit attributable to:			
Equity holders of the Company		**94,255**	145,540
Non-controlling interests		**(398)**	393
		93,857	145,933
Total comprehensive income attributable to:			
Equity holders of the Company		**133,165**	171,611
Non-controlling interests		**341**	1,081
		133,506	172,692
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	*9*	**4.50 cents**	6.95 cents
— diluted	*9*	**4.49 cents**	6.95 cents
Dividends	*10*	**56,628**	87,392

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Note	**As at 30 June 2011 (Unaudited) *HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**798,813**	813,224
Investment properties		**8,000**	8,000
Leasehold land and land use rights		**92,809**	93,739
Intangible assets		**149,540**	153,447
Interests in associates		**529,199**	426,687
Interest in a jointly controlled entity		**1,960**	1,622
Available-for-sale financial asset		**3,489**	—
Deferred income tax assets		**34,202**	31,873
		1,618,012	1,528,592
Current assets			
Inventories		**505,338**	554,463
Trade and other receivables	*11*	**613,348**	582,800
Current income tax recoverable		**714**	1,101
Financial assets at fair value through profit or loss		**25,930**	25,053
Term deposits		**106,007**	45,022
Pledged bank deposits		**7,851**	10,855
Cash and cash equivalents		**489,374**	339,979
		1,748,562	1,559,273
Total assets		**3,366,574**	3,087,865

	Note	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**209,732**	209,573
Reserves		**2,349,879**	2,271,566
Proposed dividends		**56,628**	99,563
		2,616,239	2,580,702
Non-controlling interests		**42,016**	41,675
Total equity		**2,658,255**	2,622,377
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**16,608**	19,343
Current liabilities			
Trade and other payables	*12*	**341,765**	352,514
Bank borrowings		**326,017**	66,525
Financial liabilities at fair value through profit or loss		**139**	348
Current income tax liabilities		**23,790**	26,758
		691,711	446,145
Total liabilities		**708,319**	465,488
Total equity and liabilities		**3,366,574**	3,087,865
Net current assets		**1,056,851**	1,113,128
Total assets less current liabilities		**2,674,863**	2,641,720

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with HKFRSs.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the condensed consolidated statement of comprehensive income.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standard adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 January 2011.

Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) **Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group**

		Effective for annual periods beginning on or after
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 32 (Amendments)	Classification of rights issues	1 February 2010
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a minimum funding requirement	1 January 2011
HK(IFRIC) — Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the Group has two reportable segments: (1) manufacturing and sale of garments on an OEM basis ("OEM"); and (2) manufacturing and retailing of branded fashion apparel ("Retail").

The Board assesses the performance of the operating segments based on profit before income tax, which is consistent with that in the financial statements. Other information, as noted below, is also provided to the Board.

Total segment assets exclude deferred income tax assets, financial assets at fair value through profit or loss, interests in certain associates and available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total consolidated balance sheet assets.

Revenue comprises sale of goods. Sales between segments are carried out based on terms agreed. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

		(Unaudited)	
	OEM	**Retail**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Six months ended 30 June 2011			
Total revenue	**995,454**	**234,626**	**1,230,080**
Inter-segment revenue	**(2,188)**	**(372)**	**(2,560)**
Revenue (from external customers)	**993,266**	**234,254**	**1,227,520**
Segment profit before income tax	**94,307**	**32,027**	**126,334**
Depreciation of property, plant and equipment	**(44,908)**	**(1,440)**	**(46,348)**
Amortisation of leasehold land and land use rights	**(2,143)**	**(16)**	**(2,159)**
Amortisation of intangible assets	**(2,285)**	**(2,384)**	**(4,669)**
License right fee	**—**	**(6,817)**	**(6,817)**
Finance income	**2,285**	**168**	**2,453**
Finance costs	**(6,813)**	**(1,320)**	**(8,133)**
Share of profit of an associate	**23**	**—**	**23**
Share of profit of a jointly controlled entity	**338**	**—**	**338**
Income tax expense	**(19,118)**	**(10,441)**	**(29,559)**

	OEM	(Unaudited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2010			
Total revenue	1,112,543	196,064	1,308,607
Inter-segment revenue	(2,796)	(428)	(3,224)
Revenue (from external customers)	1,109,747	195,636	1,305,383
Segment profit before income tax	157,459	40,085	197,544
Depreciation of property, plant and equipment	(47,643)	(1,258)	(48,901)
Amortisation of leasehold land and land use rights	(1,411)	(47)	(1,458)
Amortisation of intangible assets	(2,286)	(2,400)	(4,686)
License right fee	—	(2,000)	(2,000)
Finance income	1,893	230	2,123
Finance costs	(1,265)	(1,031)	(2,296)
Share of profit of an associate	24	—	24
Income tax expense	(26,954)	(10,799)	(37,753)

	OEM	**(Unaudited) Retail**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
As at 30 June 2011			
Total segments assets	**2,295,231**	**472,468**	**2,767,699**
Total segment assets include:			
Interest in an associate	**2,201**	**—**	**2,201**
Interest in a jointly controlled entity	**1,960**	**—**	**1,960**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**15,863**	**2,897**	**18,760**

	OEM	(Audited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2010			
Total segment assets	2,149,175	446,781	2,595,956
Total segment assets include:			
Interest in an associate	1,652	—	1,652
Interest in a jointly controlled entity	1,622	—	1,622
Additions to non-current assets (other than financial instruments and deferred income tax assets)	50,296	2,439	52,735

A reconciliation of reportable segments' profit before income tax to total profit before income tax is provided as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Total segment profit before income tax	**126,334**	197,544
Net fair value gains/(losses) of financial assets at fair value through profit or loss	**1,966**	(8,966)
Corporate overhead	**(4,675)**	(4,943)
Rental income	**258**	258
Share of losses of associates	**(467)**	(207)
Profit before income tax	**123,416**	183,686

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at	As at
	30 June	31 December
	2011	2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Total segment assets	**2,767,699**	2,595,956
Financial assets at fair value through profit or loss	**25,182**	24,745
Available-for-sale financial asset	**3,489**	—
Corporate assets	**290**	1,155
Investment properties	**8,000**	8,000
Deferred income tax assets	**34,202**	31,873
Current income tax recoverable	**714**	1,101
Interests in associates	**526,998**	425,035
Total assets per consolidated balance sheet	**3,366,574**	3,087,865

The Company is domiciled in the Cayman Islands. The results of its revenue from external customers located in the following geographical areas are as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
North America	**815,566**	922,940
European Union	**76,722**	74,197
Mainland China	**295,479**	285,229
Hong Kong	**15,391**	7,764
Other countries	**24,362**	15,253
	1,227,520	1,305,383

The total of non-current assets other than interests in associates, interest in a jointly controlled entity, available-for-sale financial asset and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the following geographical areas are as follows:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Mainland China	**1,001,944**	1,018,893
Hong Kong	**46,774**	49,073
North America	**444**	444
	1,049,162	1,068,410

For the six months ended 30 June 2011, revenue of approximately HK$135,331,000 was derived from one external customer attributable to the OEM reportable segment and accounted for greater than 10% of the Group's revenue.

For the six months ended 30 June 2010, revenue of approximately HK$191,916,000 and HK$145,718,000 were derived from two external customers attributable to the OEM reportable segment and each of them accounted for greater than 10% of the Group's revenue.

4 OTHER INCOME

	Six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Commission income	**2,051**	2,108
Government grants	**71**	5,054
Rental income	**258**	258
Others	**2,883**	1,063
	5,263	8,483

5 OTHER LOSSES, NET

	Six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Gain on disposal of property, plant and equipment and leasehold land and land use rights	**69**	2
Net fair value gain/(losses) on financial assets at fair value through profit or loss	**1,966**	(8,966)
Net exchange losses	**(6,694)**	(370)
Net fair value gains of foreign exchange forward contracts	**649**	—
	(4,010)	(9,334)

6 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the interim period:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**46,348**	48,901
Amortisation of leasehold land and land use rights	**2,159**	1,458
Amortisation of intangible assets	**4,669**	4,686
Employee benefit expenses	**307,814**	252,052
Provision for inventories	**6,947**	3,000
(Reversal of provision for)/provision for impairment of trade receivables	**(1,659)**	1,749

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance income — interest income on		
— bank deposits	**2,392**	2,040
— amount due from an associate	**61**	83
	2,453	2,123
Finance costs — interest expense on		
— bank borrowings	**(8,133)**	(2,296)
Finance costs, net	**(5,680)**	(173)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**10,326**	16,233
— PRC enterprise income tax	**23,435**	25,856
— Overprovision in prior years	**—**	(881)
Deferred income tax	**(4,202)**	(3,455)
	29,559	37,753

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

PRC enterprise income tax is provided on the basis of the profits of the PRC established and operating subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for these subsidiaries of the Group is 25% (2010: 25%).

The new Corporate Income Tax Law increases the corporate income tax rate for foreign investment enterprises from previous preferential rates to 25% with effect from 1 January 2008. Companies established in the PRC before 16 March 2007 and previously taxed at the rate lower than 25% may be offered a gradual increase of tax rate to 25% within 5 years. Certain subsidiaries of the Group established in the PRC will enjoy preferential income tax rate from 2008 to 2011 and be taxed at the rate of 25% from 2012 or when the preferential treatment expires. Certain subsidiaries established in the PRC are entitled to exemption and concessions from income tax under tax holidays. Income tax was calculated at rates given under the concessions.

As at 30 June 2011, deferred income tax liabilities of approximately HK$35,903,000 (31 December 2010: HK$31,705,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries in the PRC totaling approximately HK$730,333,000 (31 December 2010: HK$634,100,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed or will not be taxable in the foreseeable future.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK$94,255,000 (2010: HK$145,540,000) and weighted average number of ordinary shares in issue during the period of approximately 2,096,342,000 (2010: 2,094,586,000).

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

During the six months ended 30 June 2011, the average number of dilutive potential ordinary shares of 566,687 (2010: 980,329) are deemed to be issued at no consideration if all outstanding share options granted under the Share Option Scheme.

10 DIVIDENDS

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend, declared, of HK2.25 cents (2010: HK3.48 cents) per ordinary share	**47,190**	72,931
Special dividend, declared, of HK0.45 cent (2010: HK0.69 cent) per ordinary share	**9,438**	14,461
	56,628	87,392

Note:

At a meeting held on 26 August 2011, the directors declared a special dividend of HK0.45 cent per ordinary share in addition to an interim dividend of HK2.25 cents per ordinary share. The declared dividends are not reflected as a dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2011.

11 TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Trade and bill receivables	**472,978**	455,118
Less: Provision for impairment	**(5,087)**	(8,278)
Trade and bill receivables, net	**467,891**	446,840
Amounts due from associates	**3,973**	3,906
Amount due from a jointly controlled entity	**8,056**	3,276
Other receivables, deposits and prepayments	**133,428**	128,778
	613,348	582,800

The ageing analysis of gross trade and bill receivables is as follows:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
0 to 30 days	**223,183**	232,386
31 to 60 days	**82,941**	125,937
61 to 90 days	**66,266**	41,543
Over 90 days	**100,588**	55,252
	472,978	455,118

For OEM garment sales, the Group's trade receivables from its customers are generally settled by way of letters of credit or telegraphic transfer with credit periods of not more than 90 days. The grant of open account terms without security coverage is generally restricted to large or long-established customers with good repayment history. Sales to these customers comprise a significant proportion of the Group's OEM garment sales. On the other hand, for new and existing customers with short trading history, letters of credit issued by these customers are normally demanded for settlement purposes.

For sales of branded fashion apparel to franchisees, the Group normally requests payments in advance or deposits from such customers, with the remaining balances settled immediately upon delivery of goods. The Group also grants open account terms of 30 credit days to long-established customers with good repayment history.

Retail sales are in cash or by credit cards or collected by department stores on behalf of the Group. The department stores are normally required to settle the proceeds to the Group within 2 months from the date of sale.

Bill receivables are with average maturity dates of within 2 months.

For the six months ended 30 June 2011, the reversal of the provision for impairment of trade receivable amounted to approximately HK$1,659,000 (2010: Nil) have been included in administrative expenses in the condensed consolidated statement of comprehensive income.

For the six months ended 30 June 2010, the provision for impairment of trade receivables amounted to approximately HK$1,749,000 was included in administrative expenses in the condensed consolidated statement of comprehensive income.

12 TRADE AND OTHER PAYABLES

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Trade and bill payables	**187,282**	221,713
Other payables and accruals	**153,508**	129,305
Amounts due to associates	**975**	1,496
	341,765	352,514

The ageing analysis of trade and bill payables is as follows:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
0 to 30 days	**106,649**	141,006
31 to 60 days	**38,400**	40,082
61 to 90 days	**13,663**	19,825
Over 90 days	**28,570**	20,800
	187,282	221,713

INTERIM DIVIDEND

Our Directors have decided to continue to maintain a consistent dividend policy which has been adopted by the Group since the listing of the Company's shares (the "**Shares**") on the Stock Exchange of Hong Kong Limited. On this basis, our Directors recommend and declare, for the six months ended 30 June 2011, an interim dividend of HK cents 2.25 and a special dividend of HK cent 0.45 which in aggregate represents approximately 60.0% of the amount of the profit attributable to equity holders of the Company for the six months ended 30 June 2011 (2010: HK cents 4.17, approximately 60.0%). Shareholders of the Company whose names appear on the register of members of the Company on Friday, 16 September 2011 will be entitled to the interim and special dividend. Our Directors expect that the interim and special dividend will be paid to the shareholders of the Company on or about Monday, 26 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 September 2011 to Friday, 16 September 2011, both days inclusive, during which no transfer of the Shares will be registered. To qualify for the interim dividend and the special dividend for the six months ended 30 June 2011, shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 12 September 2011.

BUSINESS REVIEW

The first half of 2011 has been very challenging for our business as the unexpectedly poor performance and the unstable economies of both the US and European markets have adversely affected the level of consumer confidence.

These factors, coupled with sweeping inflation in the costs of raw materials, labor, utilities and overall resources, have led to a decline in the orders from international markets for fashion apparel.

For the six months ended 30 June 2011, the Group's revenue was approximately HK$1,227.5 million with a net profit of approximately HK$93.9 million, representing a drop of approximately 6.0% and 35.6% compared to the same period in last year.

OEM and ODM Business

OEM/ODM turnover during this period stands at approximately HK$993.3 million representing 80.9% of our Group's total turnover and remains our major source of income. Due to the continued sluggish performance and economic downturn in the international markets, consumers remain uncertain and conservative in their spending creating a negative impact on the apparel business in general; however, our Group strives to continue to work closely with our major business partners to explore more ways to combat the increase in costs in order to improve our business turnover.

Fashion Retail Business

Our retail sales continue to focus on unique strategies and aggressive marketing action for the development and expansion of our various brands. During the six months ended 30 June 2011, retail sales nationally showing a revenue of approximately HK$234.3 million with a segment profit of HK$32.0 million, maintained a double-digit growth in revenue and the segment profit contributed 25.3% to the Group's total earnings.

FINANCIAL REVIEW

Results Performance

During the six months ended 30 June 2011, the Group's revenue amounted to approximately HK$1,227.5 million, representing a decrease of approximately 6.0% as compared with approximately HK$1,305.4 million for the same period in 2010. The gross profit for the six months ended 30 June 2011 was approximately HK$392.6 million, representing a decrease of approximately 8.4% as compared with approximately HK$428.8 million for the same period in 2010. The net profit attributable to equity holders was approximately HK$94.3 million. Earnings per Share were approximately HK cents 4.50 and net asset value per share was HK$1.27.

OEM and ODM Business

During the period under review, the revenue derived from our OEM/ODM business recorded a decrease from approximately HK$1,109.7 million to approximately HK$993.3 million for the same period in 2010. Apparel in silk, cotton and synthetic fabrics continues to be the major products of the Group, which contributed approximately HK$778.3 million (2010: HK$904.2 million), representing approximately 78.4% (2010: 81.5%) of the total turnover of our OEM/ODM business.

The US market continues to be the Group's principal market with sales amounted to approximately HK$815.6 million (2010: HK$922.9 million), representing approximately 82.1% (2010: 83.2%) of the total revenue of our OEM/ODM business. During the six months ended 30 June 2011, sales to Europe and other markets were approximately HK$76.7 million (2010: HK$74.2 million) and HK$101.0 million (2010: HK$112.7 million) respectively.

Fashion Retail Business

During the six months ended 30 June 2011, retail sales increased to approximately HK$234.3 million compared with approximately HK$195.6 million for the same period in 2010. Finity, the major brand of the Group, contributed approximately HK$122.4 million to the retail business, representing an increase of approximately 24.5% as compared with approximately HK$98.3 million for the same period in 2010.

In respect of retail revenue analysis by sales channel, sales from concessions amounted to approximately HK$174.0 million (2010: HK$151.2 million), accounting for approximately 74.3% of the total retail turnover. Sales from free-standing stores and franchisees amounted to approximately HK$18.4 million (2010: HK$13.0 million) and HK41.9 million (2010: HK$31.4 million) respectively.

Liquidity and Financial Resources

During the six months ended 30 June 2011, the working capital needs of the Group was principally satisfied by our business operations. As of 30 June 2011, the Group had cash and cash equivalents of approximately HK$489.4 million, representing an increase of approximately HK$149.4 million as compared with approximately HK$340.0 million as of 31 December 2010. The Group's total bank borrowings were HK$326.0 million (31 December 2010: HK$66.5 million) and were repayable within one year. The debt to equity ratio (total borrowings as a percentage of total equity) was 12.3% (31 December 2010: 2.5%). Based on the net cash position, the Group continues to retain good and solid working capital and liquidity.

The sales of the Group are mainly denominated in US dollars and Renminbi and the purchase of raw materials is mainly made in Renminbi, US dollars and Hong Kong dollars. As of 30 June 2011, all cash and cash equivalents and bank borrowings were mainly denominated in US dollars, Renminbi and Hong Kong dollars. Hence, the Group has no significant exposure to foreign exchange risk.

Human Resources

As of 30 June 2011, the Group employed a total of approximately 11,700 employees in Mainland China, Hong Kong and the United States.

The Group recognises the importance of fostering good relationships with our employees and has established an incentive bonus scheme for them pursuant to which their bonus entitlements are determined with reference to the performance of the Group and individual employees, reviewable every year. Our Directors believe that a comparative remuneration scheme, a safe and comfortable workplace and career development opportunities provide incentives for employees to excel in their areas of responsibilities.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2011.

BUSINESS OUTLOOK

With the US reeling from debt concerns, the eurozone dogged by on-going sovereign debt crises and Japan is still suffering from the consequences of the earthquake in March 2011, three of the world's four main economic pillars are faltering and threatening to drag the global economy into recession.

The second half of 2011 will remain difficult and challenging in the face of all these uncertainties, and demand our corresponding adjustment and change. Our Group maintains a very positive attitude in asserting its competitiveness, continuing to adapt management strategies and upgrading our capabilities to meet business needs in order to sustain growth during times of adversity.

OEM and ODM Business

The combined problems of the world's major occidental economics do not bode well for quick recovery nor improvement in the second half of 2011. The garment export business, in general, will still be constrained by problems including rising raw material costs, minimum wages and the appreciation of Renminbi.

In order to tackle these challenges, our Group will continue to adopt new strategies, improve our overall production efficiency and enhance product varieties through diversification of products in the current difficult export market.

By maintaining close contact with our customers, we will be able to share new technologies with improved product development and design to give our business partners more choices which can add value to our Group. Leveraging on our expertise in the wovens sector, there will be further diversification and expansion of our knitwear apparel division making use of our new materials and techniques.

Although the US market is still the core of our business, growth in both the European and Japanese markets are accelerating.

Fashion Retail Business

Our Group has great confidence in the China retailing business where the stable and fast developing economy of China has led to a drastic increase in the individual household incomes, as well as the demand of quality products by customers. As a result, it creates an opportunity for us to expand in the retailing business.

For the second half of 2011, we target to increase the net profit of our branded businesses and improve services provided to our customers in various ways, including reviewing and consolidating resources, speeding up store openings, developing internet sales, enhancing store and brand images, and strengthening internal staff training.

Retailing well known international brands continues to be part of our focuses and our Group will continue to search for appropriate international brands to enhance our retail portfolio which will constitute as part of our business expansion strategies in the area of retail distribution.

Capital Market

Our Group continues to be financially stable with a net cash position of approximately HK$277.2 million cash and bank balance as of 30 June 2011. We will continue to monitor closely and evaluate potential market risks and dangers, all the while pursuing promising and potential business opportunities to maximize returns for our shareholders and investors who have continued to show us their unwavering and strong support.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's shares during the six months ended 30 June 2011.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management and the independent auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the unaudited interim financial information. In addition, the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The Board is committed to enhancing the corporate governance of the Group, and the Group reviews and updates all such necessary measures in order to promote good corporate governance.

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period under review.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiry of all directors, no Director is aware of any non-compliance with the Model Code throughout the period under review.

GENERAL INFORMATION

An interim report containing all the relevant information required by Appendix 16 to the Listing Rules will be subsequently published on the Stock Exchange's website and on the Company's website in due course.

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. TING Man Yi *(Chairman)*
Mr. TING Hung Yi *(Chief Executive Officer)*
Mr. DING Jianer
Mr. CHEUNG Ting Yin, Peter

Independent non-executive Directors:
Mr. WONG Chi Keung
Mr. LEUNG Man Kit
Dr. CHENG Chi Pang

By Order of the Board
CHINA TING GROUP HOLDINGS LIMITED
TING Hung Yi
Chief Executive Officer

Hong Kong, 26 August 2011